



TOWN OF LEXINGTON

Ad hoc Community Center Advisory Committee (AhCCAC)

DATE: June 2, 2014

FROM: Michelle Ciccolo, Chair, AhCCAC

TO: Lexington Board of Selectmen

SUBJECT: Project Update, and June 16, 2014 Special Town Meeting Appropriation Request.

AhCCAC MEMBERS: Michelle Ciccolo, Chair; Linda Vine, Staff Vice Chair, ex-officio; Mary Ellen Alessandro; Elizabeth Borghesani; Harry Forsdick; Jonathan Himmel; Laura Hussong; Florence Koplow; Leslie Zales.

For reference purposes, prior presentations before the Board, relative to the work of this Committee, have occurred on September 23, 2013, October 17, 2013, December 16, 2013, January 27th, 2013, February 3rd, 2014, and March 20, 2014.

At the Special Town Meeting of March 24, 2014, Town Meeting approved a new Community Center budget of \$6,220,000 and voted various appropriations and article amendments to support that figure. As you recall, a major scope change occurred between the initial charge to this committee and the March Special Town Meeting which reflected a reprioritization of goals for the project since it was learned that Phase 2 was not likely in the near future. The Phase 1 scope evolved as we became aware of the various opportunities for cost savings in HVAC if bid concurrently with the renovations rather than doing it after the renovation. Moreover, through Design Development we also gained a better understanding of the need to provide a comprehensive set of upgrades that would allow the building to adequately serve the community with a long view understanding that no Phase 2 multipurpose room/gym expansion will likely occur in the near-term. Consequently, the figures presented to Town Meeting in March represented a doubling from the previous project budget.

The \$6.2 million budget was derived from a professional cost estimate prepared from plans that had been advanced to approximately the 60% design stage with design development underway. Some elements, such as the building exterior repairs and handicapped ramp were just in the early stages of design back in March since these elements were added to Steffian Bradley Architects' (SBA) design scope late in the game, after Town Meeting authorized the expanded appropriation.

90% Design Cost Estimate:

At the 90% design stage, just last week, a revised estimate was prepared in anticipation of project bidding as part of the technical team's due diligence. This conservative estimate targets the likely mid-range bid and is not reflective of actual bids received for the project since it has not yet been advertised. That 90% estimate revealed some troubling information. We learned at our CCAC meeting of 5/22/14 that the project estimate had gone from \$6.2 million to approximately \$7.2 million, considerably over our appropriation. In digesting this information, the CCAC grappled with how to proceed with a variety of options at our disposal: cut the project scope considerably to get it back down within budget; ask Town Meeting for more money; or value engineer the project. Not wishing to compromise the quality of the project, nor the programmatic objectives of the facility, the Committee opted for a combined strategy of cutting through value engineering, asking for a further appropriation, and adopting a bidding strategy that allows for add-alternates to provide some assurance that the project can move forward.

Primary Cost Increases in Recent Estimate

The four major cost drivers contributing to the increase identified in the 90% cost estimate are the following elements:

- **Fire protection** – More sprinkler heads and modifications to sprinkler feed locations were needed to accommodate the HVAC upgrades resulting in an increase of **\$123,000**. We are very fortunate that this was discovered now and not after the building was occupied.
- **Exterior deterioration** – there is more rot to replace and joint sealant problems than originally understood as revealed when a more detailed building survey was conducted. This increased the cost by **\$154,000**.
- **Lower Level Entry Way Upgrade – \$83,000** - representing a minor scope change, removing the garage bay loading door and adding glass will allow natural daylight into the lower level. This request came from the Commission on Disabilities which identified the need for this side entrance to feel welcoming and appealing, especially for users who are mobility impaired and may wish to enter from this side in order to access the exercise facilities. Providing a view to the outside with lots of light also allows us to be responsive to the many concerns we heard about putting the exercise facilities on the lower level without daylight and helps mitigate the effect of the long, unbroken, windowless hallway as users will now be able to see directly outdoors from this hall. A slide is included which illustrates the value of this minor scope amendment.

The 3 above factors increased the project direct costs by \$360,000 alone for an **overall increase of \$486,000** with soft costs incorporated. The only item above within the committee's control is the Lower Level Entry Way modification which did introduce a new design component.

- The remaining increases in the estimate came predominantly from the category of interior finishes – millwork, doors, acoustical ceilings, flooring – these items increased in the estimate by approximately \$400,000 as the design drawings progressed into further detail.

Recognizing the need to attempt to get the project back in line with the budget, the CCAC went through an extensive, deliberate, and thoughtful Value Engineering (VE) exercise. Initial brainstorming discussions were held to identify areas to cut at our meeting of 5/22/14 and then the technical design team met 5/23/14 to generate a list of items for the Committee to consider cutting. At our meeting of 5/28/14, the CCAC reviewed the comprehensive list of more than 110 items and made approximately \$500,000 in reductions to the project budget.

We believe that cutting any further than this will compromise quality and might ultimately prove to be penny wise but pound foolish. For instance, installing a low-quality grade flooring will likely require constant maintenance and early replacement. Modifying other components could reduce the energy efficiency of the facility and result in higher energy operating budgets on an ongoing basis. The Committee feels strongly that the Community Center, given the sizable investment already made, should be a fully functioning, high quality facility the Town can be proud of and that all residents will want to visit.

With that said, we are short approximately \$500,000 and ask the Board of Selectmen to support a motion for additional funding which will be further refined with precise figures prior to the June 16, 2014 Special Town Meeting.

Bidding Strategy:

As you know, public bidding is a complex process governed under MGL Chapter 149 requiring filed sub-bidders and the acceptance of a low-bid general contractor. The cost estimates referred to in the above sections were predicated on 90% design drawings and the professional cost estimator's analysis of the likely middle bidder price (not the low or high bidder). As the construction market heats up, it is entirely possible that bids will come in higher than the cost estimate. Similarly, depending on the interest contractors have in bidding this project, we may see bids coming in lower than the estimate. A small contingency is still retained in the project budget to address this potential fluctuation.

Nonetheless, it is prudent, and done with virtually all of Lexington's major projects, to develop a bidding strategy that ensures the project can move forward into the construction phase regardless of the difficulty in predicting bid prices. Should the article pass Special Town Meeting in June, we are also planning on building the contractors' bidding package with add-alternates to ensure that we can keep the project on schedule and can proceed no matter the price of the resulting bids. Presently, the add alternates are expected to pertain to the exterior of the building so that if the bids come in unfortunately higher than the appropriation, we will be able to complete the interior, move into the building, and defer the exterior work until such time as funds are available. We envision an add alternate for the building envelope, and an add alternate for the ramp exiting the sun room of the mansion. Finally, there may be an add alternate for additional case work (cabinetry, counters, and shelving) that was cut out of the project during the value engineering exercise that would still be helpful to the ideal functioning of various spaces within the new Community Center.

We sincerely hope we will not need to exercise this bidding contingency plan and remain optimistic that the bids with all of the add-alternates will come in within range of this revised budget to Special Town Meeting.